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February 29, 2000

Mr. Vernon A. Williams, Secretary  
Surface Transportation Board  
Office of the Secretary  
Case Control Unit  
**Attn: STB Ex Parte No. 582**  
1925 K Street, NW  
Washington, D.C. 20423-0001

ENTERED  
Office of the Secretary

MAR 01 2000

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Public Record



Dear Mr. Williams:

Attached is a summary of oral testimony to be presented by the American Plastics Council (APC) to the Surface Transportation Board March 8, 2000. You will find one original, ten copies, and one 3.5-inch floppy diskette with an electronic copy of APC's summary testimony.

APC's member companies are among the nation's largest resin producers, including monomer and polymer production and distribution. We appreciate the opportunity to address the plastics industry's concern regarding the manner in which major rail consolidations have affected, and will continue to affect, our members' businesses.

Please contact me if you have any questions.

Regards,

Martin J. Durbin  
Director, Federal & International Affairs

Attachments

**BEFORE THE SURFACE TRANSPORTATION BOARD**  
***STB Ex Parte No. 582***  
***PUBLIC VIEWS ON MAJOR RAIL CONSOLIDATIONS***

American Plastics Council  
Summary Testimony

March 8, 2000

The American Plastics Council (APC) is a national trade association whose members are among the nation's largest resin producers, including monomer and polymer production and distribution. Rail issues are of significant importance to APC's member companies because the plastics raw materials industry, in addition to having a high proportion of captive shippers, is heavily reliant on the rail industry for storage of its product prior to delivery.

Transportation accounts for approximately 20 percent of the final delivered cost of plastics raw materials, making it the second highest cost component of production. Much of this cost is attributable to the large percentage of captive shippers among our industry's production facilities.

The plastics industry is, obviously, not alone in its concerns with the current state of rail competition. We, therefore, join with the broader rail shipping community in calling for a national rail transportation policy that ensures both effective service as well as genuine competition among rail carriers. Were those policy goals achieved, the question of whether or when further rail industry consolidations should be approved would not be as great an issue.

In the absence of such a policy, however, APC and its member companies are concerned that further consolidation of the rail industry will have adverse effects on the shipping industry. Under current policy, major rail industry consolidations have been followed by significant disruptions in service, higher costs, and erosion of competition among rail carriers. We believe legislative

action is necessary to clarify a national rail transportation policy that requires the STB to give priority to ensuring effective competition among rail carriers, as provided and intended under the Staggers Act. That is why APC supports pro-competitive rail legislation pending in the U.S. Senate and House of Representatives.

We believe that true competition is the lifeblood of all American industry, and that true competition will ultimately strengthen the rail industry, just as it does ours. Competition, by our definition, is about shippers having choice among rail carriers, and railroads striving – within a genuinely competitive environment – to win the business of our industry.

Shippers must be provided the means to access and utilize the few remaining rail carriers without prejudice, or unreasonable economic penalties from the railroads.

While legislation supported by the shipping community would not transfer rail merger authority to the Department of Justice or the Federal Trade Commission, we do believe rail mergers should be subject to the same anti-trust principles and processes that apply in other industries. This will help stem the trend toward concentration in the rail industry and ensure that true rail to rail competition is available to shippers.

We look forward to our continued participation in this process, which we hope will lead to a stronger, more reliable, and more competitive rail industry.